

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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AVA ACUPUNCTURE P.C., OKSLEN  
ACUPUNCTURE P.C., Individually and as Assignee  
of Leona Deleston, MODEL SUPPLY INC. and  
KINGS COUNTY CHIROPRACTIC P.C.,

08 CV 5650 (SAS)

Plaintiffs,

-against-

**AFFIDAVIT**

STATE FARM MUTUAL AUTOMOBILE  
INSURANCE COMPANY, AUTOONE INSURANCE  
COMPANY, GENERAL ASSURANCE COMPANY,  
ONE BEACON INSURANCE COMPANY,  
MCDONNELL & ADELS P.C., MELLI GUERIN &  
WALL P.C., KATTEN MUCHIN ROSENMAN LLP,  
RIVKIN RADLER LLP, ISEMAN CUNNINGHAM  
RIESTER & HYDE LLP, NATIONAL INSURANCE  
CRIME BUREAU, ERIC R. DINALLO,  
SUPERINTENDENT OF INSURANCE STATE OF  
NEW YORK and THE JOHN DOE INSURANCE  
COMPANIES,

Defendants.

-----X  
STATE OF PENNSYLVANIA )  
 ) SS.:  
COUNTY OF CHESTER )

NICOLE REDD, begin duly sworn, deposes and says:

1. I am a Section Manager in the Special Investigation Unit ("SIU") of State Farm Mutual Automobile Insurance Company ("State Farm") and as such, I have personal knowledge of the facts set forth herein. I submit this affidavit to supplement my prior affidavit and in support of State Farm's removal petition.

2. Both my prior affidavit and this affidavit solely concern no-fault claims submitted by New York healthcare providers to State Farm under the New York No-Fault law.

3. State Farm has maintained records that enable me to report that from 2003 through June 2008, State Farm has issued denials arising out of investigations conducted by SIU

investigators in a total sum exceeding \$ 40 million. The breakdown by each calendar year is as follows:

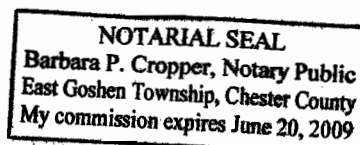
2003	\$12,186,293
2004	\$3,472,002
2005	\$2,434,847
2006	\$6,643,122
2007	\$9,684,040 <sup>1</sup>
January 2008 – June 30, 2008	\$5,845,254
Total	\$40,265,558

4. The amount of claims eventually paid after a denial can only be ascertained by a manual file-by-file review of each claim. Such a review would be an extremely arduous task. For example, the claim denials resulting from investigations by the SIU unit that investigates medical providers from August 1, 2005 (when the SIU medical provider unit began keeping its own records) through June 30, 2008 exceed 67,000 separate denials. As a Section Manager in the SIU, my responsibilities include regular interaction with State Farm SIU team managers and others responsible for defending State Farm when denied claims are challenged in litigation or arbitration. Of course, many denied claims are not challenged in either litigation or arbitration and therefore are not paid. Further, many of the denied claims that are challenged in litigation or arbitration are not paid. Based on my personal knowledge, I am quite confident that the amount of unpaid denied claims since 2003 far exceeds \$5,000,000.

  
Nicole Redd

Sworn to me this 20<sup>th</sup>  
day of August, 2008

  
Notary Public



<sup>1</sup> The number presented in this affidavit for 2007 is slightly higher than the number presented in my earlier affidavit. The difference is \$376,036. It stems from State Farm's internal accounting of its claims. The original number stems from State Farm's medical provider unit within SIU, which has responsibility for investigations of medical providers who seek reimbursement of medical bills pursuant to No Fault. That unit began keeping records of its activities in 2005. In order to ascertain the dollar amount of denials for earlier years, a different approach was necessary which included denials issued based on SIU investigations both within and without the medical provider investigation unit.